



Katie M. Brown
Counsel

Duke Energy
40 W. Broad Street
Suite 690
Greenville, SC 29601

O: 864-370-5296
F: 864-370-5027

Katie.Brown2@duke-energy.com

November 4, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

**Re: Application of Duke Energy Progress, LLC for Approval of Prepaid
Advantage Program**

Docket No. 2021-____-E

Dear Ms. Boyd:

In accordance with S.C. Code Ann § 58-27-250(c), S.C. Code Ann. Regs. 103-823, and Order No. 2019-341 issued in Docket No. 2018-318-E, Duke Energy Progress, LLC (the "Company") hereby submits the enclosed Application for Approval of Prepaid Advantage Program for the Commission's approval and also requests a partial waiver of S.C. Code Ann. Regs. 103-352. The Company is seeking approval of its Application without notice or a hearing pursuant to S.C. Code Ann. § 58-27-870(F).

Sincerely,

Katie M. Brown

Enclosures

cc: Nanette Edwards, Office of Regulatory Staff
Dawn Hipp, Office of Regulatory Staff
Andrew Bateman, Office of Regulatory Staff

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2021-__-E

In re:)	
)	
Application of Duke Energy Progress, LLC)	APPLICATION OF DUKE ENERGY
for Approval of Prepaid Advantage Program)	PROGRESS, LLC FOR APPROVAL OF
)	PREPAID ADVANTAGE PROGRAM
)	

Pursuant to S.C. Code Ann. § 58-27-250(c), S.C. Code Ann. Regs. 103-823, and Order No. 2019-341 issued in Docket No. 2018-318-E, Duke Energy Progress, LLC (“DEP” or the “Company”) hereby requests the Public Service Commission of South Carolina (the “Commission”) approve its Prepaid Advantage Program (the “Program”) and grant a partial waiver of S.C. Code Ann. Regs. 103-352, which will allow residential customers who participate in the Program to avoid paying a deposit, catch up on any arrearage they may have, and have flexibility in their future payments.

The requests set forth in this Application do not involve a change to any of DEP’s retail rates or prices at this time, nor do they require any change in any Commission rule, regulation, or policy. Further, the requests do not require a determination of the rate structure or rate of return of the Company and will not result in any rate increase. Accordingly, neither notice to the public at-large, nor a hearing is required regarding these requests pursuant to the provisions of S.C. Code Ann. §58-27-870(F).

In support of the Application, the Company respectfully shows the Commission the following:

I. NAME AND ADDRESS

The Company's general office is located at 526 S. Church Street, Charlotte, North Carolina 28202. DEP's mailing address is:

Duke Energy Progress, LLC
410 South Wilmington Street
Raleigh, North Carolina 27601-1849

II. NOTICES AND COMMUNICATION

The name and address of the attorney for the Company who is authorized to receive notices and communications with respect to this Application is:

Katie M. Brown, Counsel
Duke Energy Business Services
40 West Broad Street, Suite 556
Greenville, South Carolina 29601
Telephone: (864) 370-5296
katie.brown2@duke-energy.com

Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorney listed above.

III. DESCRIPTION OF THE COMPANY

DEP is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the eastern portion of South Carolina and in portions of western, central, and eastern North Carolina. DEP also sells electricity at wholesale to municipal, cooperative, and investor-owned electric utilities, and its wholesale sales are subject to the jurisdiction of the Federal Energy Regulatory Commission. DEP is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. DEP is also

authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission.

IV. BACKGROUND

On November 8, 2018, DEP filed its Application for Adjustments in Electric Rate Schedules and Tariffs and Request for an Accounting Order (the “Rate Case Application”). In the Rate Case Application, the Company also sought approval of a Prepaid Advantage Pilot to allow for DEP customers to avail themselves of a prepayment plan that would eliminate the need for deposits. DEP also requested that credit card fees be included in rates for residential customers, thereby removing the credit/debit card fee for eligible residential customers enrolling in the Prepaid Advantage Pilot. (*See* Docket No. 2018-318-E, Application of DEP for Adjustments in Electric Rate Schedules and Tariffs and Request for an Accounting Order at p. 6-7).

On April 10, 2019, the Company reached an agreement with the Office of Regulatory Staff (“ORS”), whereby DEP agreed to withdraw from Commission consideration in Docket No. 2018-318-E its proposed Prepaid Advantage Pilot Program (the “Stipulation”). Pursuant to the Stipulation, the Company and ORS agreed to establish an independent proceeding for the Program, agreed that all testimony and evidence regarding the Program may, at the moving party's discretion, be moved to the new docket to ensure efficiency, and agreed that the parties shall move that all parties to Docket No. 2018-318-E who expressed any position on the Program shall automatically be granted intervenor status. (*See* Docket No. 2018-318-E, April 10, 2019 Stipulation between ORS and DEP at ¶¶ 1-2).

On April 19, 2019, the Company reached an agreement with ORS to include credit card fees in rates for residential customers; however, they agreed to use the 2018 actual transactions of

449,456 times the \$1.50 fee for a total of \$674,184, rather than the \$0.8 million originally proposed by the Company. (*See* Docket No. 2018-318-E, Direct Testimony of Laura Bateman at p. 26, lines 1-11).

On May 21, 2019, the Commission issued Order No. 2019-341, which, in part, acknowledged the Stipulation and DEP's withdrawal of its request for consideration of the Program in Docket No. 2018-318-E. The Order also acknowledged that a new docket would be established in the future related to the Program with the option for all testimony and exhibits to be transferred from Docket No. 2018-318-E into the new docket. (*See* Docket No. 2018-318-E, Order No. 2019-341 at p. 13-14).

On August 2, 2019, the Company filed a letter in Docket No. 2018-318-E notifying the Commission that the Company was postponing filing and implementation of the Program for DEP customers to allow for implementation work associated with the Company's new customer information system known as Customer Connect. The letter also informed the Commission that DEP planned to file an application for the Program in advance of the Customer Connect full implementation in 2022. (*See* Docket No. 2018-318-E, August 2, 2019 Letter at ¶¶ 1, 5).

As noted in the Joint Petition for Limited Waivers and Request for Approval of Updated Service Regulations filed on March 10, 2021 in Docket No. 2021-91-E, DEP expects to deploy the Customer Connect platform earlier than expected, in November 2021. (*See* Docket No. 2021-91-E, Joint Petition for Limited Waivers and Request for Approval of Updated Service Regulations at p. 2).

V. APPLICABLE LAW

S.C. Code Ann. § 58-27-250 governs this matter, and states:

(A) Except as provided in subsections (B) and (C) of this section, an electrical utility must not interrupt electric service to any residential customer for nonpayment of a bill until twenty five days have elapsed from the date of billing.

(B) An electrical utility may interrupt electric service to any residential customer who has voluntarily enrolled in a prepay program if the prepay program allows the customer to monitor his consumption of electricity and his account balance on a daily basis and the balance of that customer's prepay account is zero, provided that the following conditions are met: (1) at the time the residential customer enrolls in the prepay program, the residential customer is informed and agrees that his electric service may be interrupted when the balance of his prepay account reaches zero; (2) electric service must not be interrupted before 10:00 a.m. on the next business day following an attempt by the electrical utility to give the customer notice of the impending interruption by telephone or electronically; and (3) electric service must not be interrupted except during hours when the electrical utility, or an agent, is accepting cash payments.

(C) A prepay program established by an electrical utility shall be subject to approval by the Public Service Commission of South Carolina prior to implementation. Any interruption of electric service under an approved prepay program shall be governed by the terms of this section and the provisions of the prepay account agreement. A prepay program approved by the Public Service Commission under this subsection must allow the utility to interrupt service when the balance of the customer's prepay account is zero and the conditions set out in subsection (B) are met. Upon a showing of good cause, the commission may allow alternative compliance with the requirement of subsection (B) regarding the ability of the customer to monitor his consumption and account balance on a daily basis, if such compliance provides consumer information and protections similar to that required in subsection (B).

(D) Nothing contained herein shall be construed so as to relieve an electrical utility of the requirements of Act 313 of 2006.

(E) Any person aggrieved by a violation of this section may petition the courts of this State for redress in accordance with applicable law.

As explained herein, the Program meets the applicable criteria set forth in S.C. Code. Ann.

§ 58-27-250.

VI. DEC PREPAID ADVANTAGE PROGRAM

The Prepaid Advantage Program was a successful pilot program for Duke Energy Carolinas, LLC ("DEC") for several years. The Commission approved the DEC pilot program in Docket No. 2015-136-E on May 12, 2015 and granted extensions for it on June 21, 2017,

December 20, 2017, June 7, 2018, and December 14, 2018. DEC's Prepaid Advantage Program was fully commercialized in DEC's most recent rate case. DEC filed a learnings report with the Commission in August 2017 detailing the lessons learned from its pilot program in Docket No. 2015-136-E. The learnings report found that the DEC pilot program successfully increased customer satisfaction and energy savings. Specifically, 50% of participants ranked themselves as 'Completely Satisfied,' and 73% felt the Prepaid Advantage program had a positive effect on their overall satisfaction with DEC. (See Docket No. 2015-163-E, Duke Energy Carolinas, LLC's Prepaid Advantage SC Learnings Report). On average, customers in the DEC program have experienced an approximate 8.5% reduction in their electricity usage (based on internal findings without a formal third-party Evaluation, Measurement, and Verification study). Because DEP has had the opportunity to review DEC's pilot program and the lessons learned from that pilot, DEP intends to implement a fully commercialized version of the Program in its territory. DEP's proposed Program has the same eligibility requirements as DEC's program and will allow customers to avoid paying a deposit, catch up on their arrearage, and enjoy flexibility in their future payments. Additionally, DEP is requesting the same waivers for the proposed Program as those granted to DEC when it launched its own pilot program.

VII. PROGRAM DESCRIPTION

The Company is proposing to offer residential customers a new Prepaid Advantage payment option. Eligible customers must reside in residences served on a non-time of use rate schedule, and may not be served on Rider NM, Rider RNM, or Rider IRSC, enrolled in the Budget Billing Plan, or have an active deferred payment arrangement exceeding \$500.00. Additionally, Medical Alert, Special Needs, or Medical Certificate (moratorium) customers are not eligible. Customers enrolled in the Program may not purchase non-regulated products and services as the

Company does not have the capability to properly bill these products and services within the Program. The Company will allow Program participants to be eligible to purchase non-regulated products and services when the capabilities exist to properly bill these products and services. The tariff filing for the Program is attached hereto as Exhibit A.

The Company anticipates significant interest from customers who prefer receiving digital alerts, and who seek more timely information on their electricity consumption than provided by bills rendered after electricity has been used. However, a customer who chooses to be on this option may at any time decide to return to a traditional post-pay account.

The Program will allow DEP customers to avail themselves of a prepayment plan that can eliminate the need for deposits, reconnection fees, and late fees. The Program will also provide customers with greater payment flexibility, allowing frequent cash payments, which may help customers better manage their finances. The Program would not require a deposit fee, allowing customers to use funds to which they otherwise would not have access. Customers choosing the Program may opt to make a payment through any of the existing channels available to them today (online, via the phone, at cash payment locations, etc.). Utilizing their online account, customers will have access to view their daily consumption as well as see a projection of the number of days remaining in their account based on historical usage information.

Additionally, if a Prepaid Advantage customer is disconnected for a negative balance, no reconnection fee is charged upon reconnection. The Program is designed to give customers the control and flexibility to make payments to their account before using electricity. Customers will be able to view usage and account balance information on the Prepaid Advantage Customer Portal (using a desktop computer or smart phone) and receive alerts through text messages and/or e-mail, at their discretion. Customers will be able to use this information to recognize higher than usual

electricity consumption on a daily basis, thereby better understanding what drives their bill. Additionally, customers will potentially be able to avoid bill surprises at the end of an unusual weather month, or even be informed during the month of unusual weather or other circumstances that may be driving electric usage higher than they anticipate, such as an equipment malfunction.

If approved, the Company intends to launch its Prepaid Advantage Program on May 1, 2022.

a. Prepaid Advantage Program Eligibility

The Program will be available to residential DEP South Carolina customers who are on Schedule RES, Schedule ALS, who have certified Smart Meters, and who are not served on Schedule R-TOU-D, R-STOU, optional riders, the Budget Billing Plan or automatic payment options. Medical Alert, Special Needs, or Medical Certificate (moratorium) customers are not eligible. Customers with separately metered services on the same account or those subscribing to nonregulated service may still participate, but the residence service would be established on a separate account. The Company plans to market the Program to eligible customers through email and other channels.

b. Prepaid Advantage Program Rates & Daily Charges

Leveraging the benefits of smart meters, the Program will rate daily energy consumption based on the customer's rate and that cost will be deducted from their account. On a daily basis, charges for electric service will be deducted from the customer's prepaid balance. Daily charges will include charges for daily kilowatt-hour consumption, as well as a daily-prorated facilities charge and taxes. The rates for electric utility service applicable to the Program shall be Schedule RES and Schedule ALS, with the basic facilities charge, and any other flat rate per account charge applicable to Schedule RES or Schedule ALS applied to the Program on a pro rata basis.

c. Prepaid Advantage Program Payment Requirements

Eligible residential customers must make a first-time initial payment of at least \$40, applied to their usage, to set up their account. No deposit is required while a customer is a Program participant. Should the customer exit the Program and return to a traditional billing schedule, a deposit may be required. Customers may not have a past due balance in excess of \$500 before enrolling in the Program. The Company will allow customers with outstanding balances below the \$500 maximum to participate in the Program and will apportion 25 percent (25%) of a given payment amount to outstanding balances, and 75 percent (75%) of a given payment amount to fund ongoing usage. There is no monthly fee to participate in the Program. In addition, new customers are required, like all new customers to DEP, to pay the applicable connection charge.

As customers use electricity, their prepaid balance would decrease from the amount paid based on the amount of electricity used. The dollar amount used will be calculated daily based on a daily meter reading. There will be a once-a-month true-up to reconcile the amount applied toward usage and the bill amount at the end of the monthly billing cycle. This true-up ensures that no customer underpays or overpays the cost for the energy used under the applicable rate schedule, which is designed on a monthly, rather than daily, basis. The amount of any adjustment will be shown on the reconciliation statement. Customers may continue to pay through currently available channels at any frequency and amount they choose. There are no minimum payment requirements after the first-time initial payment.

d. Prepaid Advantage Program Disconnection Process

Customers who do not replenish their accounts and, as a result, reach a \$0 balance, will be notified of pending disconnect with disconnection occurring the following business day (Mondays through Fridays), no earlier than 10:00 am and normally not after 2:00 pm, as permitted by S.C.

Code Ann. § 58-27-250. Service will not be disconnected after 4:00 p.m. or on weekends, or holidays. Upon paying any balance and paying an amount sufficient to create a positive account balance, a customer whose service is disconnected will have service restored within minutes to a few hours. However, if the customer fails to bring the account into a positive balance within 15 business days, the account will be final billed, and the customer will have to reapply and reestablish an electric service account. Participants in the Program will not have to pay a reconnection fee to disconnect or reconnect their account.

All reconnects and eligible disconnects will be performed remotely. All communications to make customers aware of a pending disconnection will be through email and/or text message. Because of these communications with customers through email or text message, and because eligible disconnections and reconnections are performed remotely, the Company does not intend to dispatch representatives to the customer premise on the day of disconnection.

e. Customer Communication and Information

Customers will receive alerts, including payment confirmation, current account balance, estimated days of power remaining and deactivation messages, among other communications. These alerts will be sent through channels the customer prefers, including text message, e-mail, and/or automated outbound calls.

The customer can also view this information through the Prepaid Advantage Customer Portal, which also provides access to the customer's energy usage and preferences for on-going communications. Specifically, customers will have access to:

- Reports (view account balance, meter read and status, notification status, usage statement)
- Usage (view consumption and dollars remaining)
- Electricity costs
- Notifications (choose channels, times, frequency, etc.)
- Payments (select and pay by bank account, credit card, check, etc.)

- Autopay (opt-in for auto-refill account balance when estimated 2 days remaining)
- Balance information (view account balance, meter #)
- Support information (contacts)
- Usage at a glance (deferred balance, average daily consumption, past payment)
- Meter status (connected, disconnected)
- Usage info (statement snapshot, recent usage)

The Company intends to communicate availability of the Program to DEP customers through its customer contact center representatives and marketing communications.

f. Compliance with Commission Regulations

In order to comply with S.C. Code Ann. Regs. 103-330, Customer Information, paragraphs (c) and (d) regarding notification of rates available and notice of rate changes, the Company plans to use messaging on the Program account screens to direct customers to this information on the Prepaid Advantage Customer Portal instead of providing the information via a bill insert.

With respect to compliance with Rule 103-339, Customer Billing, a reconciliation statement will be provided at the end of the customer's normal billing cycle via the Prepaid Advantage Customer Portal that will show the rate schedule, readings, usage and amounts, and any true-up adjustments.

VIII. WAIVER REQUEST

a. Partial Waiver of S.C. Code Ann. Regs. 103-352

The Company is seeking a partial waiver of S.C. Code Ann. Regs. 103-352, Procedures for Termination of Service with respect to timing, the delivery method, and the information provided on any notice of disconnection, and deferred payment arrangements would not be offered for participating customers. More specifically, rather than a mailed notice, the Company would only provide notification via text message or email, and only at 5 days, 3 days, and 1 day before the account balance is expected to be zero and disconnection would occur. As previously noted here,

the Company would disconnect service Monday through Friday from no earlier than 10:00 a.m. and normally not after 2:00 p.m. The customer's right to contact ORS and to receive the winter moratorium and the recommendation to contact social service agencies would be included with information displayed on the customer's account on the Program's website rather than with a telephone, text or email message. Participating customers would not be able to establish their accounts as a "special need" or "medical certificate" (moratorium account) unless they went off the Program. Customers wishing to designate a third-party contact would do so by setting up the third party's telephone and/or email address to receive the required alerts.

With respect to S.C. Code Ann. Regs. 103-352(g), the Company is not requesting a waiver to terminate service outside the time frames cited in that rule since the governing statute allows for different disconnection timeframes, and the Company's proposal is within the bounds allowed by S.C. Code Ann. § 58-27-250.

IX. CONCLUSION

WHEREFORE, Duke Energy Progress, LLC respectfully requests that, pursuant to this Application and the provisions of S.C. Code Ann. § 58-27-250, S.C. Code Ann. Regs. 103-823, and Order No. 2019-341, the Commission:

- (1) Approve DEP's Prepaid Advantage Program effective May 1, 2022, as proposed herein, without the need for notice or a hearing;
- (2) Approve the Company's request for partial waiver of S.C. Code Ann. Regs. 103-352; and
- (3) Provide any other relief deemed just and reasonable by the Commission.

Respectfully submitted this 4th day of November 2021.

s/ Katie M. Brown

Katie M. Brown

Counsel

Duke Energy Corporation

40 West Broad Street, Suite 690

Greenville, South Carolina 29601

Telephone 864.370.5296

katie.brown2@duke-energy.com

Attorney for Duke Energy Progress, LLC

PREPAID ADVANTAGE PROGRAM PPA-2

AVAILABILITY

Available on a voluntary basis, at the option of the Company, to new or existing residential customers in residences, served on a non-time of use rate schedule, who are not served on Rider NM, Rider RNM, or Rider IRSC, enrolled on a budget billing program, an active deferred payment arrangement, and are not classified as “special needs” customers. Residential customers who also have service under a lighting schedule that is deemed permissible by the Company are eligible to participate in the program. Customers who also have service under a nonresidential schedule may participate in this only under the condition that the residential service is established under a separate account from the electric service(s). Customers may not participate in non-regulated utility products and services unless the Company decides participation in the product or service is deemed permissible under the program.

GENERAL PROVISIONS

Under this program, the Customer will pay for electric service before it is consumed allowing the customer to pay in accordance with the customer’s desired payment frequency and amount. To enroll in this program, the customer must make a minimum initial payment of \$40.00. If the applicant for this program is an existing customer with an outstanding balance of no more than \$500, (a) any cash deposit on record may be applied as the initial payment (b) payments will be applied with 25% of the payment going towards an unpaid balance until satisfied with 75% going toward future electric use. Participants in this program will have access to kilowatt hour usage on a daily basis along with an estimate of the daily cost of electricity via an internet website. The Company will send text messages and/or email alerts which provide estimated dollar amounts remaining before the balance becomes zero. Failure to receive a properly sent alert shall not entitle the customer to additional time to pay to avoid interruption of service. Failure to maintain a positive account balance may result in disconnection of service on the day after the account balance reaches zero; however, service disconnections will occur Monday through Friday no earlier than 10:00 a.m. and typically no later than 2:00 p.m.. If disconnection of service is delayed for any reason when the prepayment balance is zero, the customer will accrue a debit balance and the debit balance must be paid along with a payment toward future service in order to maintain or restore service. Service will be reconnected once sufficient payment is received and no reconnect fee will be charged to the customer. Participating customers must have a valid email address and internet access. Alerts will be sent to customers based on the estimated remaining balance with 5, 3 and 1 days remaining. The customer may also elect to receive additional alerts via the website. The estimated amounts provided to customers on a daily basis will be calculated based on the charges in the applicable rate schedule divided by the number of days in the billing period. At the end of the customers’ normal billing schedule, a monthly bill will be calculated in the same manner as non-participating customers. As a result, an adjustment will be made to the account balance at the end of the regular billing cycle to ensure that amount billed for the month is consistent with the approved rate schedule and other charges. A month end adjustment will also be made in the case of an initial or final bill, certain rate changes, changes in municipal fees, taxes, etc. during a regular billing cycle. If the customer discontinues service under this program but continues electric service at the same residence, the customer will be returned to normal monthly billing and a deposit or other security may be required. If the customer voluntarily discontinues service at a location, any credit balance on the account will either be refunded to the customer or transferred to the customer’s account at a new location. If the customer’s service is disconnected for failure to make a payment towards future service and does not make a payment within fifteen (15) days to restore service, the account will be final billed and the customer will need to reapply for electric service.

Effective for service rendered on and after _____, 2021

PSCSC Docket No. 2021-____-E, Order No. _____